



Contrarian Wisdom

By Clay Sherman



Confessions of a Consultant

Can we talk? I need to get some stuff off my chest.

In 1978, I entered hospital consulting after 11 years working for Big Pharma. I found the state of hospital management in a time warp, significantly behind management practice in *Fortune 500* companies. A lot of things have improved between then and now, but one deadly addiction remains—American healthcare is excessively consultant dependent.

Yeah, I know the arguments for using consultants: Not enough inhouse expertise and not enough time to do the project. It sometimes seems like the only choices are to overwork people, ask them to do what they don't have the ability to do, or hire a consultant. The first two create morale and operational problems, and the last one is a kick to your staff's anatomy.

Here's why: Tote up charges paid this year to consultants and outside contractors. Now take a look at the budget for training and development. Whose brains are you making the biggest bet on? Is it the people who have been coming to work every day for years, whose lives and families are involved with the place, or is the wager favoring the minds of a few outsiders?

Dave Packard, one of the few management geniuses to ever walk the planet, had a policy when running HP: Thou shalt retain no consultants. Said Dave, "I've already got 57,000 consultants on the payroll—I will listen to them."

Here's an actual scenario from my early days of hospital consulting: sign contract; administer survey on the issue du jour; and set up structured interviews with a stratified data sample. In plain speak, I met with a bunch of folks in small groups, and let them talk

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about what needed fixing, what options there were, and what priorities they'd set. The CEO would anxiously ask at the end of the day, "Well Clay, anything of interest?"

"Yes, Ted, it's clearly a complex and multivariate problem. Let me sort it out, run the stats, boil it down—should take about six weeks for the report." (I could have sent it in two, but then the client would think this was easy).

Now what would go into my report? Was it something sprung from the brow of the Oracle of Delphi? No, it was the organized notes of what managers on the ground recommended plus a few ideas of my own. It was all the stuff the inhouse people had already told the CEO, or tried to, now neatly typed up and bound in a handsome leather binder.

And there's this: Many consultant firms trot out the big name rainmaker for day one of the engagement, a person never to be seen again as the project gets turned over to some young staffer. I have to plead guilty here, *mea culpa*. I practiced the three Bs of consulting as well as any of them: blow into town, blow off, blow out of town. Oh, and the fourth B—send a big bill. It's a great gig, but it's a bad deal for hospitals.

There are some really good consultants out there among the multitude of hacks. And they can provide value by offering an independent viewpoint, employing special qualifications, and pushing change forward.

But in most cases, you'd be better off listening to the inside voices. Those who actually care about your shop and have to live with the consequences will serve you better than anyone on the outside.

Clay Sherman is the author of Creating the New American Hospital and Raising Standards in American Healthcare. A member of the Healthcare Management Hall of Fame, Clay provides an extensive free resource library of management high performance materials at www.GoldStandardManagement.org. Comments or suggestions are welcome at drclay@GoldStandardManagement.org.